



Department of Commerce

Innovation is in our nature.

2010 Legislative Session Highlights

Agency Request Legislation

2SHB 2658 – Focuses the Department of Commerce on its core mission of growing and improving jobs by transferring some programs to other agencies in government. Also provided the department a process by which the state energy strategy will be updated and revised. *Signed by the Governor on April 1st.*

SSB 6611 – Extends the deadlines for jurisdictions to complete their periodic update under the Growth Management Act. The deadlines are extended three years from the dates currently in statute. *Signed by the Governor on March 25th.*

SHB 2745 – Renovators and dust sampling technicians are subject to the requirements of the state's lead-based paint activities program. Individuals involved in modification of homes, child care facilities, and schools, built before 1978, must meet the requirements for training and certification similar to those individuals currently involved in lead-based paint activities such as inspections, risk-assessments, and abatement activity. *Signed by the Governor on March 22nd.*

Other Bills Affecting Commerce

HB 2561 – The Jobs Act. The State Finance Committee is authorized to issue general obligation bonds in the amount of \$505 million to create jobs by constructing capital improvements to public K-12 school districts and higher education facilities for energy costs savings. The Department of Commerce, in consultation with the GA and Washington State University's (WSU) Energy Program, must administer the Jobs Act. An appropriation in the amount of \$500 million is made to the Department of Commerce from the Washington Works Account, which is created to receive proceeds from the bond issuance. The appropriation is for grants to public K-12 schools and public higher education institutions for energy cost savings improvements and related projects that result in energy and utility and operational cost savings. Related projects are projects that must be completed in order for the energy efficiency improvement to be effective. *Signed by the Governor on May 4th.*

HB 2672 – Extends tax incentives for the aluminum industry to 2017. *Signed by the Governor on March 25th.*

SHB 2704 – The administration of the Washington Main Street Program is moved from the Department of Commerce to the Department of Archeology and Historic Preservation. *Signed by the Governor on March 12th.*

2SHB 2782 – In addition to changing programs such as the General Assistance Unemployable program (GAU) the "Security Lifeline Act" instructs the Department of Commerce and the DSHS to jointly develop a Housing Voucher (HV) program. The Department of Commerce must administer the HV Program and identify the current supply of private and public housing, including acquisition and rental of existing housing stock. The Department of Commerce must develop funding strategies and design the HV Program to maximize the ability of the DSHS to recover federal funding. *Signed by the Governor on March 29th.*

SHB 3014 – Modifies the sales and use tax deferral program for investment projects in rural counties. Beginning July 1, 2010, the manufacturing sales and use tax deferral program is changed to include only distressed counties. A distressed county means a county that has an unemployment rate which is at least 20 percent above the state average for three years. The Department of Revenue is required to establish a list of distressed counties, which is effective for 24 months. The exemption for Community Empowerment Zones is also extended. *Signed by the Governor on April 13th.*

SSB 6341 – Transfers the Emergency Food Assistance Program in Commerce to the Washington State Department of Agriculture (WSDA). *Signed by the Governor on March 15th*

SB 6409 – Creates the Washington Opportunity Pathways Account. Beginning in state fiscal year 2011, all net revenues from in-state lottery games that are not otherwise dedicated are to be deposited into the Washington Opportunity Pathways Account rather than into the General Fund. It may only be used for the following programs: recruitment of entrepreneurial researchers, innovation partnership zones, and research teams; the early childhood education and assistance program (ECEAP); the State Need Grant; the State Work Study program; College Bound Scholarships; Washington Promise Scholarships; Washington Scholars; the Washington Award for Vocational Excellence (WAVE); the Passport to College Promise; the Educational Opportunity Grant; and GET Ready for Math & Science Scholarships. *Signed by the Governor on April 23rd*

2SSB 6667 – Commerce and the Small Business Development Center must jointly prepare an actionable plan for increased access to capital and technical assistance beginning with the 2011-13 biennium. The plan is to be presented by December 1, 2010, to the Governor and appropriate legislative committees. *Signed by the Governor on March 22nd*.

2SSB 6675 – Creates the Washington global health technologies and product development competitiveness program, to be administered by a nonprofit organization with a board of directors appointed by the Governor. The board is to contract with the Department of Commerce for management services. The board's duties include soliciting funds from businesses, foundations, and the federal government, and making grants for development of global health technologies and products. *Signed by the Governor on April 5th*.

SB 6712 – Extends the expiration date for the tax preference for Federal Aviation Regulation part 145 aircraft repair stations. *Signed by the Governor on March 31st*.

SB 6789 – Provides a retail sales and use tax exemption for server equipment and power infrastructure for computer data centers. The exemption expires on April 1, 2018. *Signed by the Governor on March 25th*.

SSB 6889 – Reforms the Washington State Convention and Trade Center as a public facilities district. This will, among other things, eliminate a funding stream for the State Tourism Office. *Signed by the Governor on April 9th*.

Operating Budget

Reductions (excluding program transfers):

- **Community Services Reduction (early savings)** – Reductions are made to numerous Community Services Division activities including: Long Term Care Ombudsman (\$17,660), Domestic Violence Legal Advocacy (\$27,073), Community Sexual Assault Programs (\$12,032), Crime Victims Service Centers (\$23,122), Victim Witness Program (\$12,938), Community Mobilization (\$64,913), State Drug Prosecution Assistance (\$9,474), Washington New Americans Program (\$10,142), Multijurisdictional Drug Task Forces (\$54,462), transfer from the CJTC (\$28,742) and Juvenile Drug Courts (\$21,278). *-0.7 FTE, -\$282,000*
- **Growth Management Reduction (early savings)** – Funding for local growth management grants is reduced. *-0.2 FTE, -\$115,000*
- **International Trade Reduction (early savings)** – Reductions are made to international trade and economic development activities and grants. Affected programs and activities include: Washington Manufacturing Services (\$7,152), Associate Development Organizations (\$646,955), the Washington Technology Center (\$90,154), Microenterprise Development (\$7,750), Western Washington University Small Business Development (\$12,429), and Renton Small Business Development (\$894). *-1.3 FTE, -\$765,000*
- **International Trade Administration** – Administrative costs for International Trade are reduced. *-0.2 FTE, -\$44,000*

- Regional Services – The Regional Services Unit is reduced from seven to four regions. Regional Services partners with local organizations, state agencies, and service providers to maximize private sector job creation and investment, and to promote retention, growth, and the expansion of businesses. -3.5 FTE, -\$788,000
- Economic Development Training – Funding for the Economic Development Education and Training Program will be discontinued in Fiscal Year 2011. -0.8 FTE, -\$210,000
- Community & Financial Services – Funding for the Community and Financial Assistance Unit is discontinued. This unit has worked to strengthen and diversify the state's economy through programs that help Washington's communities plan, finance, and implement economic development strategies to create opportunities for business and job growth. -1.4 FTE, -\$77,000
- International Trade Development – Funding for international trade development activity is reduced by five percent. -0.3 FTE, -\$72,000
- Domestic Contracts – Funding for Domestic Contracts is reduced by five percent in Fiscal Year 2011. This activity contracts with the Washington Export Finance Assistance Center and the International Trade Alliance of Spokane to assist small and medium-sized businesses in urban and rural areas in financing and selling exports. -\$12,000
- Community Mobilization – Funding for this activity is reduced in Fiscal Year 2011. The Community Mobilization Program organizes local communities to address problems of substance abuse and violence. -1.3 FTE, -\$1,000,000
- Community Services Administration – Administrative costs for the Community Services Administration activity are reduced by ten percent. -0.1 FTE, -\$35,000
- Kids of Incarcerated Parents Administration – Funding for the Children of Incarcerated Parents Advisory Board is eliminated. The advisory board monitors, guides, and reports on recommendations related to policies and programs for children of families with incarcerated parents. -0.3 FTE, -\$78,000
- Long Term Care Ombudsman – Administrative and operational costs are reduced for the Long Term Care Ombudsman. -0.1 FTE, -\$62,000
- Developmental Disabilities Council – Funding for the Developmental Disabilities Council's administrative costs are reduced. -\$87,000
- Local Government Administration – Administrative costs are reduced for local government administration. -\$26,000
- Growth Management Grants – Grants to local governments to develop growth management plans are eliminated for FY 2011. -\$3,762,000
- State Drug Task Force – The State Drug Task Force is reduced by 15 percent for FY 2011. -\$226,000
- Reduce Tourism Development – Funding is reduced for tourism development. -0.5 FTE, -\$500,000
- Reduce Statewide Services – Funding is reduced for statewide services within the International Trade and Economic Development division. -\$75,000
- Reduce Other Pass-Through Grants – Funding is reduced for pass-through grants. -\$64,000

- Reduce Grant Services Administration – Funding is reduced for grant services administration *-\$50,000*
- Reduce Growth Management Administration – Funding for growth management administration and technical assistance is reduced to reflect reduced demand from local governments given the postponed plan update schedule pursuant to SSB 6611 (comprehensive land use plan). *-2.0 FTE, \$500,000*
- Reduce Marketing and Communications – Funding is reduced for the web, marketing and communications program in the International Trade and Economic Development division. *-0.5 FTE, -\$200,000*
- Temporary Layoffs – Agency appropriations are reduced consistent with Engrossed Substitute House Bill 6503 (closing state agencies on specified dates) due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. *-\$838,000*

Additions:

- State Energy Strategy – Funding is restored to allow the Department of Commerce to update the State Energy Strategy. The 2009-11 budget removed all unrestricted General Fund-State dollars from the Energy Policy Division's funding for FY 2011. *1.2 FTE, \$858,000*
- Global Health Technology – Funding is provided to implement the provisions of SSB 6675 (global health) for the Washington Global Health Technologies and Product Development Competitiveness program. *\$1,000,000*
- Washington Technology Center – Funding for the Washington Technology Center is increased. The Center, headquartered at the University of Washington, was created to be a collaborative effort between the state's universities, private industry, and government. *\$164,000*
- Microenterprise Development – Funding for the contract with the Washington State Microenterprise Association is maintained. The Microenterprise Institute currently provides financial and technical assistance to very small businesses. *\$10,000*
- Entrepreneurial Development – Funding is provided for entrepreneurial development. *\$50,000*
- EPA Renovation Rule – Expenditure authority is provided pursuant to SHB 2745 (lead-based paint program) and to administer the Environmental Protection Agency's Renovation, Repair, and Painting rule, which goes into effect April 2010. This rule requires people who update, maintain, or modify pre-1978 buildings containing lead-based paint to be trained and certified to follow work practices that minimize lead hazards to children. *General Fund-Federal, Lead Paint Account-State 0.7 FTE, \$139,000*
- Prostitution Prevention Authority – The Department of Commerce provides a grant to the City of Seattle to operate a Prostitution Prevention and Intervention Program. The city leverages these funds with a federal Justice Assistance Grant award. Additional expenditure authority is provided for the City of Seattle to hire a staff member to conduct prostitution and prevention activities including counseling, parenting skills training, housing relief, education, and vocational training for people leaving or avoiding prostitution. *Prostitution Prevention and Intervention Account-State \$125,000*
- Community & Economic Housing Spend Authority – The increased expenditure authority in the Community and Economic Development Fee Account must be used solely for five purposes. \$1,000,000 is for services for homeless families through the Washington Families Fund, \$2,600,000 is for Housing Trust Fund operations and maintenance, \$800,000 is for Housing Trust Fund portfolio management, \$500,000 is for foreclosure counseling and support, and \$500,000 is for use as a reserve in the account. *Community and Economic Development Fee Account-State \$5,400,000*

- Home Security Spending Authority – \$2 million of the Home Security Fund appropriation is provided for the homeless grant assistance program. *Home Security Fund Account-State \$2,000,000*
- New Americans – A portion of the funding reduced in the biennial budget for the Washington New Americans program is restored. *\$30,000*

Pass-Through or Proviso:

- History Link – Funding is provided for a grant to History Link. *\$50,000*
- Federal Way Medical Device Incubator – Funding is provided for a grant to the City of Federal Way for a medical device incubator project. State funding is contingent on a 100% match from the City of Federal Way. *\$100,000*
- Export Finance – Funding is provided to: (1) develop a rural manufacturer export outreach program in conjunction with Impact Washington and (2) develop loan or loan guarantee programs in conjunction with the Washington Economic Development Finance Authority. *\$100,000*
- Innovation Partnership Zone (IPZ) Grants – Funding is provided for grants to innovation partnership zones. *\$250,000*
- Greater Seattle Business Association Tourism – Funding is provided for a grant to the Greater Seattle Business Association for tourism development. *\$55,000*

Capital Budget

2010 Local and Community Projects	\$ 13,750,000	
Belfair Sewer Improvements	*\$ 4,800,000	
CERB - Export Assistance Grants & Loans	\$ 3,000,000	
Community Schools	\$ 1,500,000	
Energy Regional Innovation Cluster Match	\$ 5,500,000	
Jobs Act for K-12 Public Schools & Higher Education Institutions	\$ 50,000,000	
Local and Community Projects		-\$ 1,000,000
Drinking Water State Revolving Fund Loan Program	\$ 2,930,000	
Housing Assistance, Weatherization, and Affordable Housing	\$ 30,000,000	
Building for the Arts Grants		-\$ 1,000,000
Job and Economic Development Grants	*\$ 12,439,000	
Job Development Fund Grants	*\$ 20,930,000	
Public Works Trust Fund	*\$100,000,000	
Quillayute Valley Wood-Fire Boiler	*\$ 980,000	
Snohomish County Biodiesel	*\$ 81,000	

*Denotes fund swap, not new funding